



General Assembly

Substitute Bill No. 1238

January Session, 2001

**AN ACT CONCERNING A TAX CREDIT FOR CONTRIBUTIONS TO
THE CONNECTICUT HIGHER EDUCATION TRUST FUND.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 (NEW) (a) For taxable years commencing on or after January 1,
2 2001, there shall be allowed a credit against the tax imposed under
3 chapter 229 of the general statutes to any resident individual in an
4 amount equal to four per cent of the amount contributed up to ten
5 thousand dollars during such taxable year by such individual to a
6 Connecticut higher education trust account established for the purpose
7 of meeting the qualified higher education expenses of the account, as
8 defined in section 3-22f of the general statutes.

9 (b) The amount of credit allowed to any individual under this
10 section shall not exceed the amount of tax due from such individual
11 under chapter 229 of the general statutes with respect to such taxable
12 year.

13 (c) (1) (A) For taxable years commencing on or after January 1, 2001,
14 but prior to January 1, 2002, in the case of any such taxpayer who files
15 under the federal income tax for such taxable year as an unmarried
16 individual whose Connecticut adjusted gross income exceeds fifty-four
17 thousand five hundred dollars, the amount of the credit shall be
18 reduced by ten per cent for each ten thousand dollars, or fraction
19 thereof, by which the taxpayer's Connecticut adjusted gross income

20 exceeds said amount.

21 (B) For taxable years commencing on or after January 1, 2002, but
22 prior to January 1, 2003, in the case of any such taxpayer who files
23 under the federal income tax for such taxable year as an unmarried
24 individual whose Connecticut adjusted gross income exceeds fifty-five
25 thousand five hundred dollars, the amount of the credit shall be
26 reduced by ten per cent for each ten thousand dollars, or fraction
27 thereof, by which the taxpayer's Connecticut adjusted gross income
28 exceeds said amount.

29 (C) For taxable years commencing on or after January 1, 2003, but
30 prior to January 1, 2004, in the case of any such taxpayer who files
31 under the federal income tax for such taxable year as an unmarried
32 individual whose Connecticut adjusted gross income exceeds fifty-six
33 thousand five hundred dollars, the amount of the credit shall be
34 reduced by ten per cent for each ten thousand dollars, or fraction
35 thereof, by which the taxpayer's Connecticut adjusted gross income
36 exceeds said amount.

37 (D) For taxable years commencing on or after January 1, 2004, but
38 prior to January 1, 2005, in the case of any such taxpayer who files
39 under the federal income tax for such taxable year as an unmarried
40 individual whose Connecticut adjusted gross income exceeds fifty-
41 eight thousand five hundred dollars, the amount of the credit shall be
42 reduced by ten per cent for each ten thousand dollars, or fraction
43 thereof, by which the taxpayer's Connecticut adjusted gross income
44 exceeds said amount.

45 (E) For taxable years commencing on or after January 1, 2005, but
46 prior to January 1, 2006, in the case of any such taxpayer who files
47 under the federal income tax for such taxable year as an unmarried
48 individual whose Connecticut adjusted gross income exceeds sixty
49 thousand five hundred dollars, the amount of the credit shall be
50 reduced by ten per cent for each ten thousand dollars, or fraction
51 thereof, by which the taxpayer's Connecticut adjusted gross income

52 exceeds said amount.

53 (F) For taxable years commencing on or after January 1, 2006, but
54 prior to January 1, 2007, in the case of any such taxpayer who files
55 under the federal income tax for such taxable year as an unmarried
56 individual whose Connecticut adjusted gross income exceeds sixty-
57 two thousand five hundred dollars, the amount of the credit shall be
58 reduced by ten per cent for each ten thousand dollars, or fraction
59 thereof, by which the taxpayer's Connecticut adjusted gross income
60 exceeds said amount.

61 (G) For taxable years commencing on or after January 1, 2007, in the
62 case of any such taxpayer who files under the federal income tax for
63 such taxable year as an unmarried individual whose Connecticut
64 adjusted gross income exceeds sixty-four thousand five hundred
65 dollars, the amount of the credit shall be reduced by ten per cent for
66 each ten thousand dollars, or fraction thereof, by which the taxpayer's
67 Connecticut adjusted gross income exceeds said amount.

68 (2) In the case of any such taxpayer who files under the federal
69 income tax for such taxable year as a married individual filing
70 separately whose Connecticut adjusted gross income exceeds fifty
71 thousand two hundred fifty dollars, the amount of the credit shall be
72 reduced by ten per cent for each five thousand dollars, or fraction
73 thereof, by which the taxpayer's Connecticut adjusted gross income
74 exceeds said amount.

75 (3) In the case of a taxpayer who files under the federal income tax
76 for such taxable year as a head of household whose Connecticut
77 adjusted gross income exceeds seventy-eight thousand five hundred
78 dollars, the amount of the credit shall be reduced by ten per cent for
79 each ten thousand dollars or fraction thereof, by which the taxpayer's
80 Connecticut adjusted gross income exceeds said amount.

81 (4) In the case of a taxpayer who files under federal income tax for
82 such taxable year as married individuals filing jointly whose
83 Connecticut adjusted gross income exceeds one hundred thousand five

84 hundred dollars, the amount of the credit shall be reduced by ten per
85 cent for each ten thousand dollars, or fraction thereof, by which the
86 taxpayer's Connecticut adjusted gross income exceeds said amount.

87 (d) If the State Treasurer makes a distribution to any individual who
88 has contributed to a Connecticut higher education trust account, the
89 State Treasurer shall deduct and withhold an amount equal to four per
90 cent of that portion of the distribution that represents the investment
91 in the account and shall pay over that amount to the Commissioner of
92 Revenue Services as a recapture of the credit under this section. If such
93 contributor is able to establish, to the satisfaction of the commissioner,
94 that no credit was previously claimed under this section by such
95 contributor on account of such contribution, the commissioner shall
96 refund the amount of such recaptured credit to such contributor.

ED

Joint Favorable Subst. C/R

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